

**FOR IMMEDIATE RELEASE:**

June 19, 2006

**CONTACT:** Anastasia Burton  
(406) 841-2846

**MBOH Announces Recapture Tax Reimbursement Program**  
*June is National Homeownership Month*

(HELENA)---Recapture tax is no longer an obstacle for participants in the Montana Board of Housing's (MBOH) First-time Homebuyer Program.

Hearing the term "recapture tax" when completing the home buying process might make any potential buyer think twice. The phrase is associated with MBOH's First-Time Homebuyer Program and is one that may seem overwhelming, especially to a first-time homebuyer. Recapture tax is an aspect of the program, but is not one that presents an insurmountable obstacle to homebuyers. With the passage of a new resolution at its May board meeting, the MBOH will help give potential homebuyers peace of mind.

"The goal here is for program participants to purchase homes with confidence, creating strong communities throughout Montana," said Governor Brian Schweitzer. "I encourage moderate- to low-income families who are interested in homeownership to take part in education and outreach activities that are taking place in observance of National Homeownership Month so they can live the American dream of homeownership."

Recapture was inserted in Section 143(m) of the Internal Revenue Code (IRC) of 1986. The Internal Revenue Service (IRS) authorized housing finance agencies to sell tax-free bonds to provide affordable housing funding and inserted the recapture provision to assure compliance with their stated purpose of helping low- to moderate-income homebuyers. Under this provision of the IRC, if a homeowner who participated in the First-Time Homebuyer Program sold their home within the first nine years of the purchase date, exceeded the maximum income limit and exceeded the sales price limitations, they could be subject to paying a recapture tax.

After doing research into the past implementation of the recapture tax for homebuyers, the MBOH found that few of its borrowers have ever had to pay this tax for selling their home early. To help remove obstacles for potential homebuyers, the MBOH is willing to help homeowners by paying the tax for them in the event of recapture.

Effective May 8, 2006, MBOH will reimburse homebuyers for the actual amount of recapture tax paid to the IRS on loans closed on or after the effective date. The Request for Recapture Tax Reimbursement can be found at:

[http://housing.mt.gov/Hous\\_BOH\\_SF\\_Apps.asp](http://housing.mt.gov/Hous_BOH_SF_Apps.asp)

The MBOH has several lending tools available at below-market rates to fit the needs of qualified first-time borrowers. For more information, talk to your local lender or visit [http://www.housing.mt.gov/Hous\\_BOH\\_SF.asp](http://www.housing.mt.gov/Hous_BOH_SF.asp)

The Montana Board of Housing is administratively attached to the Montana Department of Commerce. The MBOH serves the housing needs of Montana's low- and moderate-income population by providing financing for the development or rehabilitation of the state's affordable housing stock, as well as low-interest loans for first-time homebuyers through the Homeownership Program. Since 1977, the MBOH has served 40,000 Montana families by financing nearly \$2.5 billion for affordable homeownership and multi-family housing units.

According to the 2005 estimates from the U.S. Census Bureau, Montana's homeownership rate is 70.4%, which ranks 33<sup>rd</sup> in the nation.

**-END-**